

# Government of Canada Securities

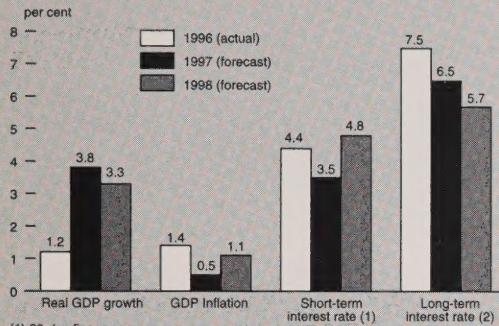
A Publication of the Department of Finance

July 1998

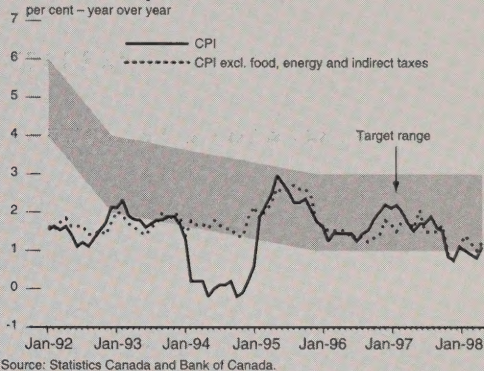
## Canadian Economy

CAI  
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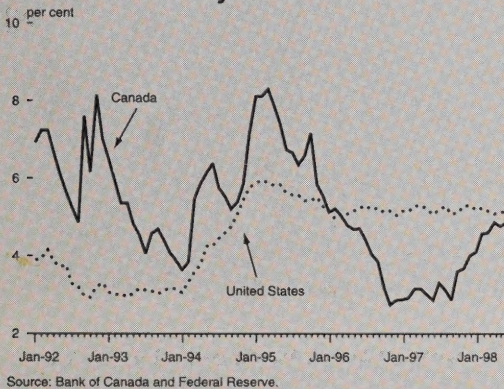
### OECD economic forecast for Canada (June 1998)



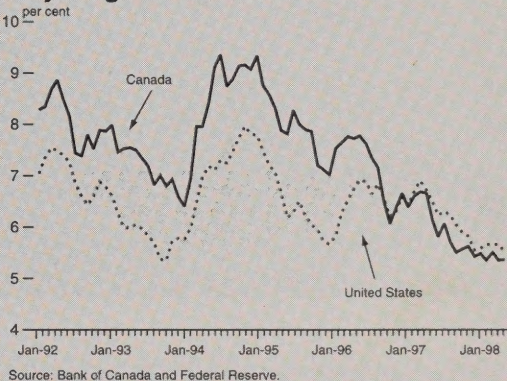
### Consumer price index



### 3-month Treasury bill rates



### 10-year government bond rates



### Upcoming economic data releases of interest

#### August

July Labour Force Survey  
(August 7)

July CPI  
(August 19)

1998 Q2 National Accounts  
(August 31)

#### September

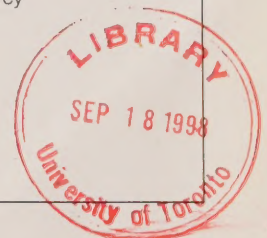
August Labour Force Survey  
(September 4)

August CPI  
(September 18)

#### October

September Labour Force Survey  
(October 9)

September CPI  
(October 21)





# Government of Canada Securities

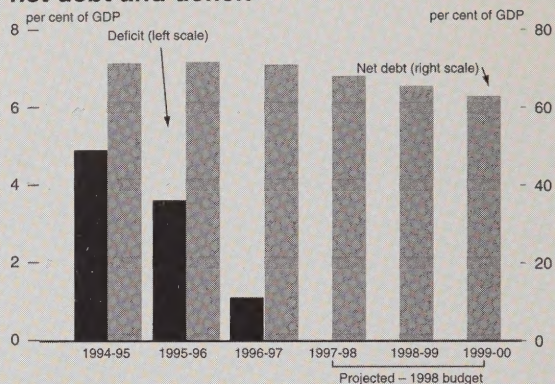
## Canadian Economy

### Selected Canadian economic statistics

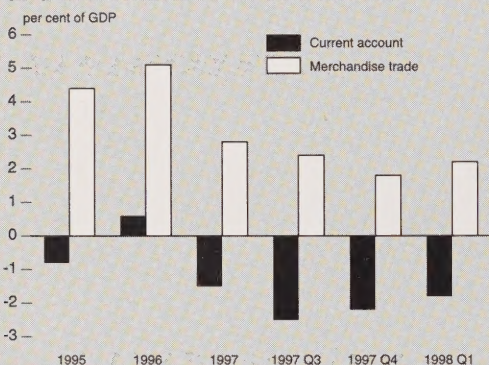
	1996	1997	1997	1997	1998
			Q3	Q4	Q1
<b>Annualized growth rates</b>					
Real gross domestic product	1.2	3.7	4.3	2.8	3.7
GDP excluding inventories	2.1	2.9	3.4	1.4	4.4
Final domestic demand	2.0	4.5	5.8	1.5	1.2
Employment	1.3	1.9	3.3	2.5	3.0
<b>Other</b>					
Unemployment rate	9.7	9.2	9.0	8.9	8.6
Current account balance (per cent of nominal GDP)	0.6	-1.5	-2.5	-2.2	-1.8

Source: Statistics Canada.

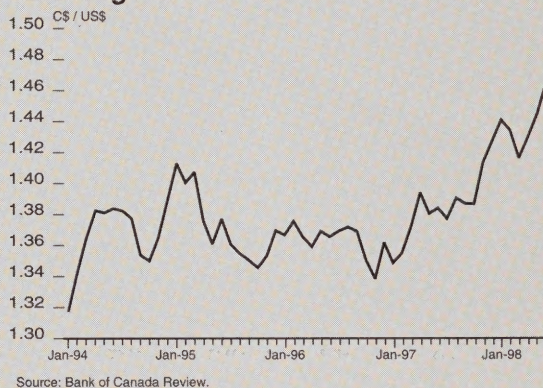
### Government of Canada net debt and deficit



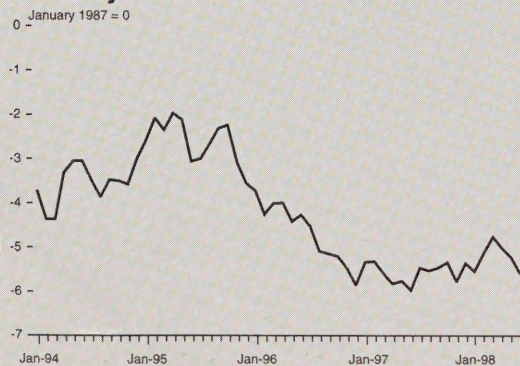
### Canada's current account balance and merchandise trade balance



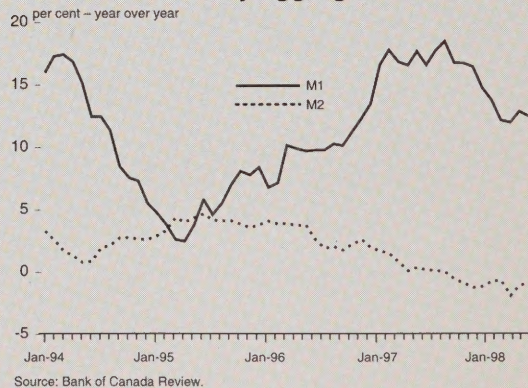
### Exchange rate



### Monetary conditions index



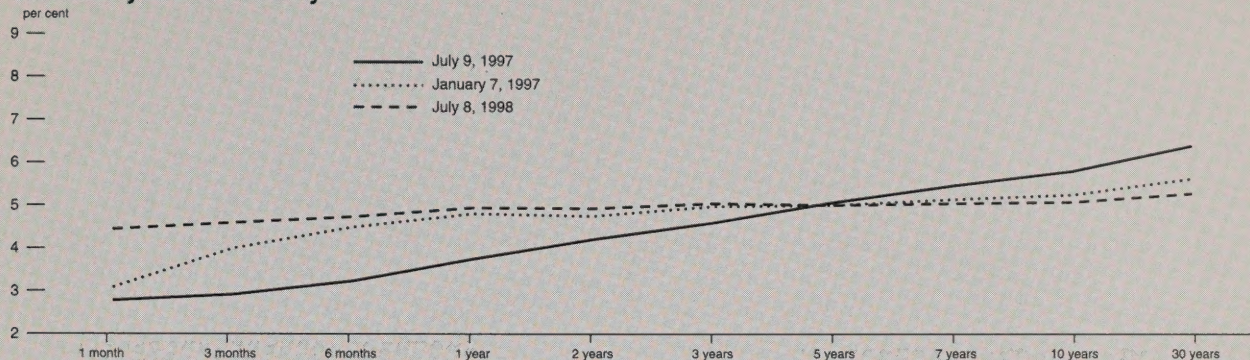
### Canadian monetary aggregates





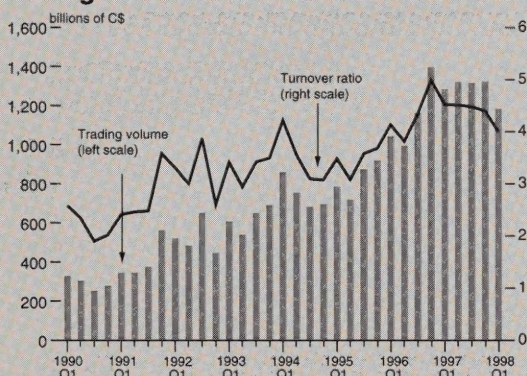
## Secondary Market

**Canadian yield-to-maturity curve**



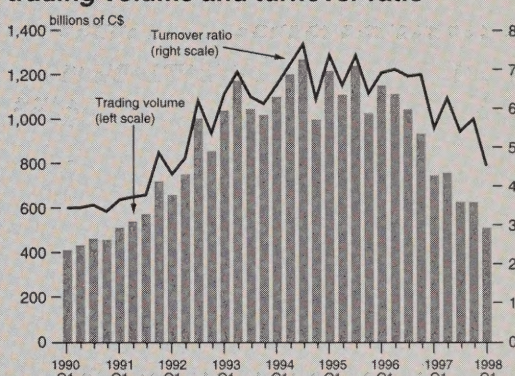
Source: Bank of Canada Review.

**Government of Canada bonds trading volume and turnover ratio**



Trading volume is total trading volume in each quarter.  
 Turnover ratio = total trading volume in each quarter/stock.  
 Source: Bank of Canada.

**Government of Canada Treasury bills trading volume and turnover ratio**



Trading volume is total trading volume in each quarter.  
 Turnover ratio = total trading volume in each quarter/stock.  
 Source: Bank of Canada.

### Primary Distributors

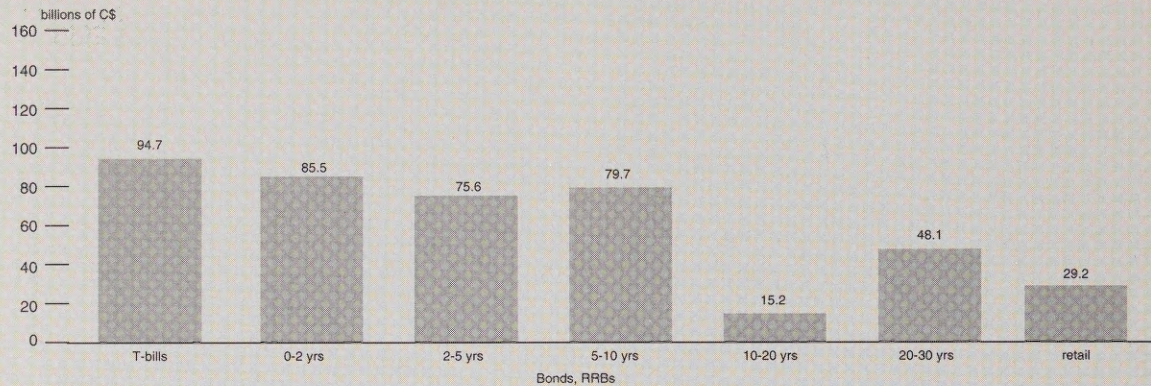
- Bank of America Canada
- Bank of Montreal (Treasury bills only)
- Beacon Securities Limited
- BLC Securities Inc.
- La Caisse centrale Desjardins
- Canadian Imperial Bank of Commerce (Treasury bills only)
- Casgrain & Company Limited
- CIBC Wood Gundy Securities Inc. (marketable bonds only)
- CTI Capital Inc.
- Deutsche Morgan Grenfell Limited
- Golden Capital Securities Limited
- Goldman Sachs Canada
- Hongkong Bank of Canada
- Lévesque Beaubien Geoffrion Inc.
- Merrill Lynch Canada Inc.
- Midland Walwyn Capital Inc.
- J.P. Morgan Securities Canada Inc.
- Morgan Stanley Canada Limited
- Nesbitt Burns Inc. (marketable bonds only)
- Odium Brown Limited
- C.M. Oliver & Company Limited
- RBC Dominion Securities Inc.
- Salomon Smith Barney Canada Inc.
- ScotiaMcLeod Inc.
- Société Générale Valeurs Mobilières Inc.
- Tassé & Associates, Limited
- The Toronto-Dominion Bank
- Whalen, Béliveau & Associates Inc.



# Government of Canada Securities

## Primary Market

### Outstanding Government of Canada Treasury bills, bonds (by term maturity) and retail debt (as of July 8, 1998)



### Recent Government of Canada bond auction results

Auction date	Term	Maturity date	Coupon rate	Issue amount	Average price	Average yield	Auction coverage	Tail
	(years)		(%)	(millions of dollars)		(%)		(basis points)
Apr 22/98	30	Jun 1/29	5.75	1,600	100.99	5.68	2.38	0.2
May 6/98	10	Jun 1/08	6.00	2,300	104.56	5.41	2.21	0.3
May 27/98	5	Sep 1/03	5.25	2,400	100.22	5.2	2.24	0.5
Jun 3/98	30	Dec 1/26	4.25*	400	105.81	3.91	2.64	n.a.
Jun 10/98	2	Dec 1/00	5.00	3,500	99.48	5.23	2.10	0.9

Coverage is defined as the ratio of total bids at auction to the amount auctioned.

Tail is defined as the high accepted yield minus the average yield.

\*Real Return Bonds.

Source: Department of Finance.

### Forthcoming Government of Canada bond auctions

Type of issue	Auction date (1998)	Further details of issue (1998)	Dated and delivered (1998)	Amount maturing
				(millions of dollars)
30-year auction	--	--	--	--
10-year auction	August 12	August 6	August 17	--
5-year auction	August 26	August 20	September 1	6,800
RRB auction*	September 2	August 27	September 8	--
2-year auction	September 9	September 3	September 15	6,000

\*Single-price auction format.



# Government of Canada Securities

## Primary Market

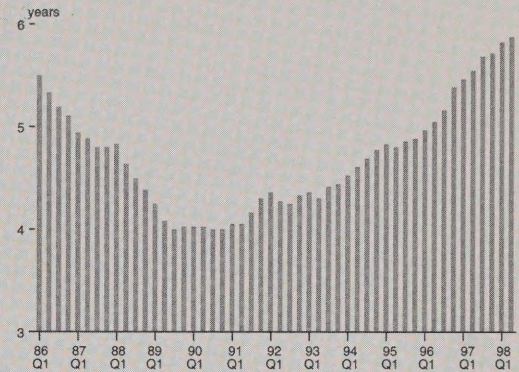
### Government of Canada bond market benchmarks (July 8, 1998)

Term	Maturity	Coupon	Amount outstanding	Yield
		(%)	(millions of dollars)	Apr. 08/98 (%)
<b>Fixed coupon</b>				
2-year	Mar 15/00	5.00	7,000	5.10
5-year	Sep 1/02	5.50	10,200	5.18
10-year	Jun 1/08	6.00	9,200	5.25
30-year	Jun 1/27	8.00	9,600	5.45
<b>Real return</b>				
30-year	Dec 1/26	4.25	4,450	3.85

The normal bid-ask spread on these bonds is 5 cents.

Source: Department of Finance.

### Average term to maturity of Government of Canada marketable debt



### Forthcoming Government of Canada marketable bond maturities

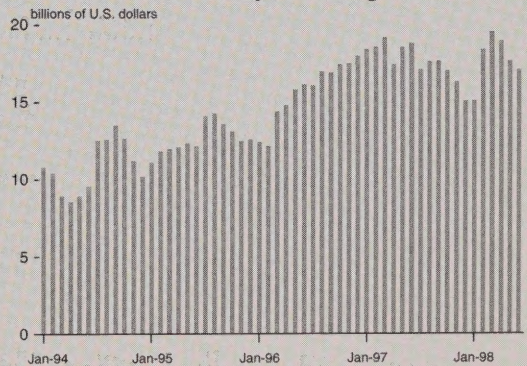
July-September 1998	October-December 1998	January-March 1999	April-June 1999	July-September 1999
(millions of dollars)				
12,800	10,475	12,700	0	21,100

### Outstanding Government of Canada / Foreign-currency debt (as of June 30, 1998)

	(millions)
Canada Bills	US\$5,513
Canada Notes	US\$573
Outstanding under EMTN program	US\$1,090
Floating rate note maturing February 1999 (paying LIBOR less 25 basis points)	US\$2,000
6 1/2% US\$ bonds maturing May 30, 2000	US\$1,500
6 1/2% US\$ bonds maturing May 30, 2001	US\$1,000
6 1/8% US\$ bonds maturing July 15, 2002	US\$1,000
5 5/8% US\$ bonds maturing February 19, 2003	US\$2,000
6 3/8% US\$ bonds maturing July 21, 2005	US\$1,500
6 3/4% US\$ bonds maturing August 28, 2006	US\$1,000
6 5/8% NZ\$ bonds maturing October 3, 2007	US\$319

Source: Department of Finance.

### Canada's level of liquid foreign reserves

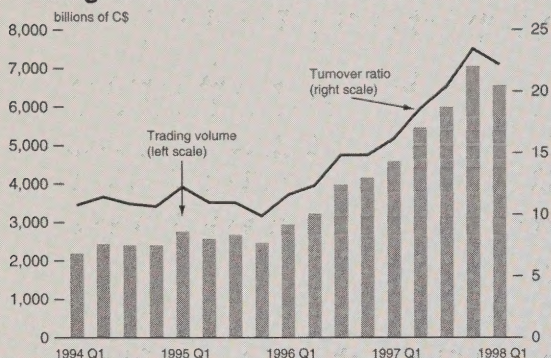




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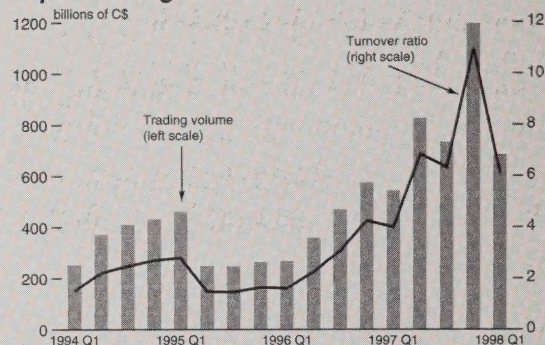
## Secondary Market

**Government of Canada bond repos trading volume and turnover ratio**



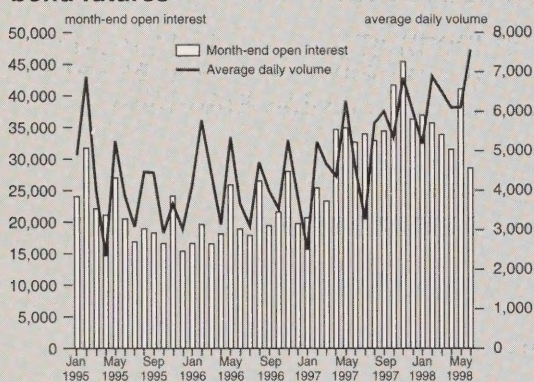
Trading volume is total trading volume in each quarter.  
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Source: Bank of Canada.

**Government of Canada Treasury bill repos trading volume and turnover ratio**



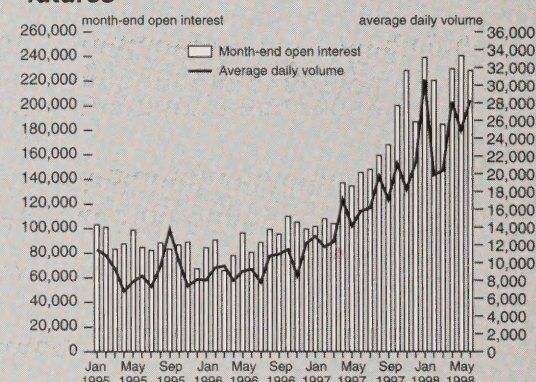
Trading volume is total trading volume in each quarter.  
Turnover ratio = total trading volume in each quarter/stock.  
Source: Bank of Canada.

**10-year Government of Canada bond futures**



Source: The Montreal Exchange.

**3-month bankers acceptance futures**



Source: The Montreal Exchange.

### Government of Canada long-term credit ratings (as of July 15, 1998)

	Standard and Poor's Current	Moody's Investor Service Current	Canadian Bond Rating Service Current	Dominion Bond Rating Service Current
<b>Domestic Debt</b>	<b>AAA</b>	<b>Aa1</b>	<b>AA+</b>	<b>AAA</b>
- Trend	Stable	-	Stable	Stable
<b>Foreign Debt</b>	<b>AA+</b>	<b>Aa2</b>	<b>AA+</b>	<b>AA(high)</b>
- Trend	Stable	-	Stable	Stable

This publication is also available on the Internet at <http://www.fin.gc.ca/>

Except as noted, the information in **Government of Canada Securities** is based upon data available as of June 30, 1998.

For further information, contact either Sandra Lavoratore (613) 947-3919 or Nigel Stephens (613) 943-1944.

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